Financing H.R. 676, "The United States National Health Insurance Act" Or "Expanded and Improved Medicare for All"[1]

Total Projected Annual Health Care Expenditures Under Current System, 2010 = $2,776 billion[2] (Total Spending Under H.R. 676 is Projected to be Equal to Current Spending)

Public Expenditures	
Federal (Medicare, Medicaid, DSH, etc.)	$957 billion
State and Local (Medicaid, etc.)	$348 billion
Private Expenditures	
Private Insurance	$950 billion
Out of Pocket (co-pays, deductibles, over-the-counter drugs, etc.)	$317 billion
Other Private Funds (foundations, etc)	$204 billion
Total	**$2,776 billion**[3]

Sources of Revenue That Must Be Replaced Under H.R. 676 Due to Elimination of Private Health Insurance Spending and Reduction in Out-of-Pocket Spending= $1,187 billion[4] (Public Spending and Other Private Funds Still Available)

Private Insurance Spending (eliminated)	$950 billion
75% Reduction in Out-of-Pocket Spending (Consumers would pay only 25% of what they pay now, because they are no longer paying premiums, copays and deductibles)	$237 billion[5]
Total Replacement Revenue Needed	**$1,187 billion**

Total Annual Savings Under H.R. 676 = $387 billion

Administrative (paperwork, etc.)	$278 billion[6]
Bulk Purchases	
Prescription Drugs	$87 billion[7]
Non-Durable Medical Supplies	$13 billion[8]
Durable Medical Equipment	$9 billion[9]
Total Annual Savings	**$387 billion**

New Sources of Revenue Under H.R. 676 = $1,259 billion

Payroll Tax (3.3% additional on employer/employee)	$538 billion[10]
Stock Transfer Tax (0.25% on seller and buyer)	$150 billion[11]
Reduce Corporate Welfare	$100 billion[12]
Reverse 2001 and 2002 Tax Cuts	$251 billion[13]
Tax Surcharge: 5% on Richest 5% of Taxpayers; 10% on Richest 1%[14]	$200 billion[15]
Total New Revenue	**$1,259 billion**[16]

The Bottom Line: Savings and New Revenue Under H.R. 676 More Than Enough to Cover Costs

Total Replacement Revenue Needed	**$1,187 billion**
Total Savings and New Revenue Raised Under H.R. 676	**$1,646 billion**
Total Savings	$387 billion
Total New Revenue Raised	$1,259 billion

Notes

[1] Projected for 2010.
[2] All figures are from the Centers for Medicare and Medicaid Services Health Care Cost Projections for 2010.
[3] Total costs are expected to increase initially because of increased utilization by the previously uninsured. Over time, however, these costs would decrease as the formerly uninsured receive appropriate primary care and no longer end up in emergency rooms with advanced conditions that are very expensive to treat. We therefore assume level spending.
[4] H.R. 676 would eliminate spending from private insurers and reduce out-of-pocket costs to consumers by approximately 75%. In order to meet spending needs, revenue is needed to "replace" these spending sources.
[5] Estimated reduction in out-of-pocket costs from "Health Care Options Project," The Lewin Group, 2002.
[6] This figure represents 10% of total administrative costs projected by CMS. Estimated 10% reduction in administrative costs from "Health Care Options Project," The Lewin Group, 2002.
[7] This figure represents a 30% reduction in prescription drug costs from the CMS projection. Estimated 30% reduction from CBO, 2004b, "Would Prescription Drug Importation Reduce U.S. Drug Spending?" Washington, D.C.: Congressional Budget Office, and U.S. Department of Commerce, International Trade Commission, 2004. "Pharmaceutical Price Controls in OECD Countries," Washington, D.C.: U.S. Department of Commerce.
[8] This figure represents a 30% reduction in non-durable medical supplies costs from CMS estimate. 30% reduction estimated from studies in footnote 6, above. Non-durable medical supplies have similar mark-ups as prescription drugs under the current system.
[9] Ibid.
[10] Projection based on "The 2006 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds," Washington, D.C.: Government Printing Office, May 2006.
[11] Pollin, R., D. Baker, and M. Schaburg, 2001. **"**Securities Transaction Taxes for U.S. Financial Markets," *Eastern Economic Journal*, 2003.
[12] For example, closing corporate tax loop holes and greatly reducing or eliminating subsidies to corporations.
[13] Derived from the Congressional Budget Offices' estimates of the cost of the 2001 and 2001 tax cuts in 2010.
[14] The top 5% of taxpayers earn at least $184,000 annually. The top 1% earn at least $280,000.
[15] Estimates of the revenue from tax surcharges are based on mechanical estimates of tax revenue as a share of income. Estimates derived from Mishel, L., J. Bernstein and S. Allegretto, 2007. *The State of Working America 2006/2007.* Economic Policy Institute and Cornell University Press. Table 1.1
[16] Revenue sources outlined above are intended as a "menu" of choices for raising revenue. Taken together, they raise more than what is needed to replace spending by private insurers out-of-pocket spending by consumers. However, these numbers are not strictly additive. For example, closing corporate tax loopholes will reduce the income to the richest 1% and therefore lower the revenue that can be gained by raising their taxes.